



## Department of Justice

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FOR IMMEDIATE RELEASE  
MONDAY, JUNE 29, 1970

The Department of Justice today filed a civil antitrust suit against Republic Steel Corporation, Cleveland, Ohio, charging the use of reciprocal purchase arrangements with suppliers and customers in violation of the Sherman Act.

Attorney General John N. Mitchell said the complaint and a proposed consent judgment, to become final in 30 days, were filed together in the United States District Court in Cleveland, Ohio.

Mr. Mitchell said the complaint charged that Republic Steel has since 1963 entered into combinations with various suppliers to restrain trade by reciprocating purchases in violation of Section 1 of the Act.

The complaint also charged that Republic Steel has used its purchasing power since 1963 to promote sales in an attempt to monopolize the requirements of actual and potential supplier-customers for steel and steel products, as well as other products sold by Republic Steel, in violation of Section 2 of the Act.

The violations, the suit alleged, have had the effect of foreclosing competitors of Republic Steel from selling

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substantial quantities of goods **and** services to the firm's customers, and of preventing suppliers from selling goods and services to Republic Steel.

Richard W. McLaren, Assistant Attorney General, Antitrust Division, said the consent judgment, to be in effect for 10 years, prohibits Republic Steel from purchasing products or services from any supplier on the condition that such purchases will be based on Republic Steel's sales to the supplier.

It also prohibits Republic Steel from discussing with any supplier or contractor the relationship of purchases and sales between them or from comparing statistical data to further such a relationship. The firm is further prohibited from maintaining statistical compilations that compare sales to and purchases from suppliers.

Republic Steel is also prohibited from communicating to actual or potential suppliers or contractors that preference will be given in purchasing products or services from them based on Republic Steel's sales to them.

Republic Steel is directed by the consent judgment to refrain from re-establishing its former Business Development Division and from establishing any other office to promote trade relations involving reciprocal purchasing agreements.

Notice is to be given by Republic Steel to its suppliers that its personnel are prohibited by the consent judgment

from purchasing or selling goods and services or soliciting bids for capital expenditures based on Republic Steel's purchases, and are prohibited from entering into any agreement or understanding to that effect.

Republic Steel is the third largest steel producer in the nation, the fourth largest in terms of assests, and the third largest in terms of sales. In 1968 total shipments of steel products by Republic Steel amounted to 7,072,000 tons, or approximately 7.7 percent of the total shipments of the steel industry.

For 1968, Republic Steel's total sales of products amounted to approximately \$1,400,000,000, while its total purchases of products and services amounted to approximately \$674,800,000.